

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 1 of 16

MONTHLY OPERATING REPORT

CHAPTER 11

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

For Period May 1 to May 31, 200 9

Mark One Box For Each
Required Report/Document

THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.
The debtor must attach each of the following reports unless the United States Trustee has waived the requirement in writing. File original with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
(x)	()	Comparative Balance Sheet (Form 2-B)
(x)	()	Profit and Loss Statement (Form 2-C)
(x)	()	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	()	Supporting Schedules (Form 2-E)
(x)	()	Narrative (Form 2-F)
(x)	()	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Financial Report and any attachments thereto, are true and correct to the best of my knowledge and belief.

Executed on: June 23, 2009

Debtor(s)*: Warehouse 86, LLC

By:** *[Signature]*

Position: Chief Financial Officer

Name of Preparer: Ernest K. Strahan, III

Telephone No. of Preparer: 901-628-8545

*both debtors must sign if a joint petition
**for corporate or partnership debtor

FORM 2-A



CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

	Filing Date	Month	Month	Month	Month	Month	Month	Month
	11/04/08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	
ASSETS:								
CURRENT ASSETS:								
Cash	89,361	241,228	217,930	161,996	157,703	157,468	158,324	
Accounts Receivable, Net	152,270	2,704	611	611	611	611	611	
Inventory, at lower of cost or market	73,633	0	0	0	0	0	-	
Prepaid expenses & deposits	103,702	77,502	117,502	117,502	117,502	117,502	117,502	
Other								
TOTAL CURRENT ASSETS	418,966	321,434	336,043	280,109	275,816	275,581	276,437	
PROPERTY, PLANT & EQUIPMENT**	2,178,073	0	0	0	0	0	0	
Less accumulated depreciation	-1,124,978	0	0	0	0	0	0	
NET PROPERTY, PLANT & EQUIPMENT	1,053,095	0	0	0	0	0	0	
OTHER ASSETS								
Interests in incorporated businesses	6,573	3,095	0	0	0	0	0	
Insurance claim from tornado & fire, registered name, customer lists (unknown)								
TOTAL OTHER ASSETS	6,573	3,095	0	0	0	0	0	
TOTAL ASSETS	1,478,634	324,529	336,043	280,109	275,816	275,581	276,437	

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

**This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

Filing Date	Month					Month				
	11/04/08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
LIABILITIES:										
POST-PETITION LIABILITIES ***										
Taxes Payable (FORM 2-E, P. 1 of 3)		1,096	0	0	0	0	0	0	0	0
Accounts Payable (FORM 2-E, P. 1 of 3)*	0	20,791	54,751	1,981	242	(73)	27			
Other - DIP Loan		-	0	0	0	0	0	0	0	0
TOTAL POST-PETITION LIABILITIES	0	21,887	54,751	1,981	242	(73)	27			
PRE-PETITION LIABILITIES ***										
Notes Payable-Secured	1,284,902	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732	3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Unsecured Debt**	2,562,082	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171	2,516,171
Other										
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,547,903	2,547,903	2,547,903	2,547,903	2,547,903	2,547,903	2,547,903	2,547,903	2,547,903
TOTAL LIABILITIES	3,854,984	2,569,790	2,602,654	2,549,884	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145
EQUITY (DEFICIT)										
PREFERRED STOCK										
COMMON STOCK										
PAID-IN CAPITAL										
RETAINED EARNINGS										
Through Filing Date	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)
Post Filing Date		131,089	109,739	106,575	104,021	103,786	104,542	104,542	104,542	104,542
TOTAL EQUITY (NET WORTH)	(2,376,350)	(2,245,261)	(2,266,611)	(2,269,775)	(2,272,329)	(2,272,329)	(2,272,329)	(2,272,329)	(2,272,329)	(2,272,329)
TOTAL LIABILITIES & EQUITY	1,478,634	324,529	336,043	280,109	275,816	275,816	275,816	275,816	275,816	275,816

*Reflects disputed insurance charge

**Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post-petition liability balances due to final reconciliation.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month	Month	Month	Month	Month	Month
	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09
NET REVENUE	270,952	(51)	0	0	0	0
COST OF GOODS SOLD:						
Material	213,689	0	0	0	0	0
Labor-Direct	28,043	0	0	0	0	0
Overhead	74,502	125	0	0	0	-930
TOTAL COST OF GOODS SOLD	316,234	125	0	0	0	-930
GROSS PROFIT	(45,282)	(176)	0	0	0	930
OPERATING EXPENSES						
Selling & Marketing						
General & Administration (Rents, utilities, salaries, etc.)	51,881	15,348	3,195	2,288	5	
Other						
TOTAL OPERATING EXPENSES	51,881	15,348	3,195	2,288	5	-
INTEREST EXPENSE	988	298	234	0	230	174
INCOME BEFORE DEPRECIATION OR TAXES	(98,149)	(15,823)	(3,429)	(2,288)	(235)	756
DEPRECIATION OR AMORTIZATION:	7,436	0	0	0	0	
OTHER INCOME	529,079	0	0	0	0	
GAIN/LOSS ON DISPOSAL OF FIXED ASSETS	126,087	0	0	0	0	
NET INCOME (LOSS)	287,397	(15,823)	(3,429)	(2,288)	(235)	756

*Requires explanation in NARRATIVE (FORM 2-F).

FORM 2-C

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 5 of 16

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period May 1 to May 31, 200 9

CASH RECONCILIATION

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		<u>\$ 157,488</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	<u>\$ 1,030</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	<u>\$ 174</u>	
4.	Net Cash Flow		<u>\$ 856</u>
5.	Ending Cash Balance (to FORM 2-B)		<u>\$ 158,324</u>

CASH SUMMARY - ENDING BALANCE

	<u>Amount*</u>	<u>Financial Institution</u>
1. Operating Account	\$ -	<u>Bank of America-3803</u>
2. Operating Account	\$ -	<u>Bank of America-8451</u>
3. Payroll Account	\$ -	<u>Bank of America-5428</u>
4. Sales Account	\$ -	<u>PayPal</u>
5. Sales Account	\$ -	<u>PayPal Alt</u>
6. Sweep Account	\$ -	<u>Bank of America</u>
7. Operating Account	\$ <u>145,398</u>	<u>Bank of America-DIP</u>
8. Payroll Account	\$ <u>12,926</u>	<u>Bank of America-DIP Payroll</u>
TOTAL (must agree with line 5 above)	\$ <u>158,324</u>	

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less
inter-account transfers & UST fees paid \$ 174

*NOTE: This amount should be used to determine UST quarterly fees due and agree with Form 2-D, page 2 of 4.

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 6 of 16

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

QUARTERLY FEE SUMMARY

MONTH ENDED MAY 2009

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 27,100			
February	\$ 55,934			
March	\$ 4,487			
Total				
1st Quarter	\$ 87,521	\$		
April	\$ 1,286			
May	\$ 174			
June	\$			
Total				
2nd Quarter	\$ 1,460	\$		
July	\$			
August	\$			
September	\$			
Total				
3rd Quarter	\$ 0	\$		
October	\$			
November	\$			
December	\$			
Total				
4th Quarter	\$ 0	\$		

Fee Schedule DISBURSEMENT CATEGORY

QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 7 of 16

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period May 1 to May 31, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
05/05/2009	ADP-returned payroll check	18.47

Total Cash Receipts \$ 18.47

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 8 of 16

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period May 1 to May 31, 200 9

Account Name: Bank of America-DIP Account Number: 3755551953

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
5/1/09	Marchetti Robertson-Insurance refund	1,011.28

Total Cash Receipts \$ 1,011.28

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 9 of 16

CASE NAME: Warehouse 88, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period May 1 to May 31, 200 9

Account Name: DIP-General Account Account Number: 3755551853

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
05/01/2009		Bank of America	bank charges	\$148.30

Total Cash Disbursements \$148.30

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 10 of 16

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period May 1 to May 31, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551986

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
05/01/2009		Bank of America	service charge	25.74

Total Cash Disbursements \$ 25.74

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 13 of 16

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period May 1 to May 31, 2009

INSURANCE SCHEDULE

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

**Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main Document Page 15 of 16

Bank of AmericaCUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406Account Number 3755551966
01 01 152 01 M0000 E# 0
Last Statement: 04/30/2009
This Statement: 05/29/2009

H

Customer Service
1-877-757-8233WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
PAYROLL ACCOUNT
PO BOX 16692
JACKSON MS 39236

Page 1 of 2

Bankruptcy Case Number:0803423

ANALYZED CHECKINGAccount Summary Information

Statement Period 05/01/2009 - 05/29/2009	Statement Beginning Balance	12,933.09
Number of Deposits/Credits 1	Amount of Deposits/Credits	18.47
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	25.74
	Statement Ending Balance	12,925.82
Number of Enclosures 0	Service Charge	.00

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/05		18.47	ADP TX/FINCL SVC DES:ADP - TAX ID:655020481594Y73 INDN:WAREHOUSE 86 LLC WAREH CO ID:9333006057 CCD	2401636451

Withdrawals and Debits

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
05/15		25.74	Account Analysis Fee ANALYSIS CHARGE APRIL BILLING FOR DETAIL 37555-51966	0879004789

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
04/30	12,933.09	12,933.09	05/15	12,925.82	12,925.82
05/05	12,951.56	12,951.56	05/29	12,925.82	12,925.82

Case 08-03423-ee Doc 147 Filed 06/23/09 Entered 06/23/09 13:48:37 Desc Main

Bank of America CLT02a 6/22/2009 11:36:01 AM PAGE 2/003 ID=8882945658

TO: Ernie COMPANY:

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2405

Account Number 3755551953
01 01 152 01 M0000 BH 1
Last Statement: 04/30/2009
This Statement: 05/29/2009

WAKSHOUSE 86 LLC
DEBTOR IN POSSESSION #08-03423
GENERAL PAYABLES ACCOUNT
PO BOX 16692
JACKSON MS 39236

Customer Service
1-877-757-8233

Page 1 of 2

Bankruptcy Case Number: 0803423

ANALYZED CHECKING

Account Summary Information

Statement Period 05/01/2009 - 05/29/2009	Statement Beginning Balance	144,821.55
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 1	Amount of Checks	1,056.42
Number of Other Debits 1	Amount of Other Debits	148.30
	Statement Ending Balance	143,616.83
Number of Enclosures 1	Service Charge	.00

Withdrawals and Debits

Checks

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20120	1,056.42	05/04	1892839286				

Other Debits

Date	Customer Posted Reference	Amount	Description	Bank Reference
05/15		148.30	Account Analysis Fee ANALYSIS CHARGE APRIL BILLING FOR DETAIL 37555-51953	08790047896

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
04/30	144,821.55	144,821.55	05/15	143,616.83	143,616.83
05/04	143,765.13	143,765.13	05/29	143,616.83	143,616.83